These concessions are contained in sections 115 AB (in the case of offshore funds), 115 AC (in the case of non-residents) investing in Euro Equity Chapter X-II A (in the case of non-resident Indians) of the Income Tax Act.

4. Government has also announced guidelines for allowing investments in the Indian capital market by Foreign Institutional Investors (FIIs) vide Finance Ministry's Press Note dated the 14th September, 1992. The main attractive features are :—

(i) There is no lock in period for the investments.

(ii) The individual limit is 5% of the paid up equity capital of the investee company per FII.

(iii) The overall limit for investments is 24% for all FIIs including NRIs.

(iv) The tax on dividend and interest is 20% and on long term capital gains is 10%.

(d) A statement is attached at Annexure 'A' [*See* Appendix X-CLXV, Annexure No. 20].

(e) This has been recommended by Chelliah Committee. The Report of which has already been placed on the Table of the House.

(f) Same as for (d) above.

(g) The differential in the rate of taxation between short term capital gains and long term capital gains is meant to encourage relatively longer term investments by Foreign Institutional Investors in the Indian Stock Markets.

Low credit deposit ratio in Banks in Uttar Pradesh

1276. SHRI SANGH PRIYA GAUTAM : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that as on the 30th June, 1991, the credit deposit ratio of all Scheduled Banks in Uttar Pradesh was 48 per cent only;

(b) whether it is also a fact that the norms fixed for such ratio by the Reserve Bank of India is 60 per cent while the all India credit deposit ratio is 66 per cent;

(c) whether it is also a fact that the opinion of the Banks in this regard is that this is due to the lack of the big Industries and less loan absorption capacity in the State;

(d) whether the Chief Minister of Uttar Pradesh has written to the Central Government for getting actual benefits of the State's own deposits in Commercial Banks and to advise the R.B.I. for removing the restrictions imposed on commercial banks for providing loans for infrastructure facilities; and

(e) if so, what action has been taken by Government in the matter and what are the results thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) to (e) As per information available from Reserve Bank of India (RBI), the Credit-Deposit Ratio as at the end of 30 June, 1991 of all scheduled commercial banks in Uttar Pradesh was 48% as against 61% for the country as a whole. The Credit Deposit Ratio cannot be the sole indicator of economic development of a particular State/Region. The actual level of credit in relation to locally mobilised deposits in a particular State or region depends upon the credit absorption capacity of the State/Region which in turn is determined and influenced by factors such as development of infrastructural facilities and availability of required inputs and marketing outlets for agricultural, industrial production etc. However, with a view to remove regional imbalances in economic development, banks are under instructions of RBI to achieve a credit deposit ratio of 60% in respect of their rural and semi-urban branches separately on all India basis. Banks were also advised that though it is not necessary to achieve this ratio separately, branch-wise, district-wise or region-wise, the bank should ensure that wide disparity in the ratios between different States is avoided.

The State Government of Uttar Pradesh has been requesting the Reserve Bank of India (RBI) and the Government of India to make available credit through the commercial banks operating in the State to execute infrastructural projects such as roads, bridges, fly overs, substations, etc.

However, the consistent stand of RBI has been that large scale capital expenditure to be incurred by public sector undertakings in constructing infrastructural facilities such as dams, bridges, roads, electricity generation and supply, etc. Whether for creation of fresh facilities or for replacement/ modernisation of existing ones, should be funded from the budgetary resources of the concerned State, or the Centre, as the case may be. The State Government has already been apprised of the above views of RBI.

Phasing out of tax and credit concession to Small Scale Industries

1277. SHRI GAYA SINGH :
SHRI CHATURANAN MISHRA :

Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under Government's consideration to stop gradually all tax and credit concessions to Small Scale Industries; and

(b) if so, what are the details thereof and reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) and (b) In view of the ensuing Budget-1993-94 it is not possible to offer any comments at this stage.

Corruption in tax administration

1278. SHRI S. K. T. RAMACHANDRAN : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that wide spread tax evasion is flourishing due to laxity and corruption in the tax administration;

(b) if so, what effective measures are being implemented and contemplated to eliminate the scope of corruption and inefficiency in tax administration;

(c) whether there is any proposal to formulate steps to simplify and rationalise the existing tax system; and

(d) if so, what measures are taken or are proposed to be taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) No, Sir.

(b) A strong vigilance machinery takes effective steps to enforce preventive vigilance in certain corruption prone areas. Investigations/inquiries are made in specific cases of alleged corruption. Cases involving inquiries from non-departmental parties are often referred to CBI for investigations. The provisions of FR 56j are also invoked whenever necessary.

There are adequate supervisory controls to ensure effective tax administration which are periodically reviewed.

(c) and (d) The simplification and rationalisation of the Direct Taxes system is an ongoing process and appropriate measures are taken from time to time to simplify and rationalise direct taxes.

विदेशी मुद्रा बचाने के लिए उठाए गए कदम

1279. **श्रीमती सुषमा स्वराज** : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार द्वारा विदेशी मुद्रा के संकट को ध्यान में रखते हुए इसे बचाने और इसके उचित उपयोग के लिए पिछले कुछ वर्षों से अनेकों उपाय किए गए हैं ;

(ख) यदि हां, तो तत्संबंधी ब्यौरा क्या है ;

(ग) क्या यह भी सच है कि जुलाई, 1991 से सितम्बर 1992 तक सरकार द्वारा किए गए उपायों के परिणामस्वरूप विदेशी मुद्रा का दुरुपयोग रोक कर काफी मात्रा में इसकी बचत की गई है; और

(घ) यदि हां, तो इसके परिणामस्वरूप बचाई गई विदेशी मुद्रा की अनुमानित राशि कितनी है ?

वित्त मंत्रालय में राज्य मंत्री (श्री रामेश्वर ठाकुर) : (क) और (ख) जी हां। पिछले कुछ वर्षों के दौरान सरकार ने विदेशी मुद्रा बचाने और इसके समुचित इस्तेमाल